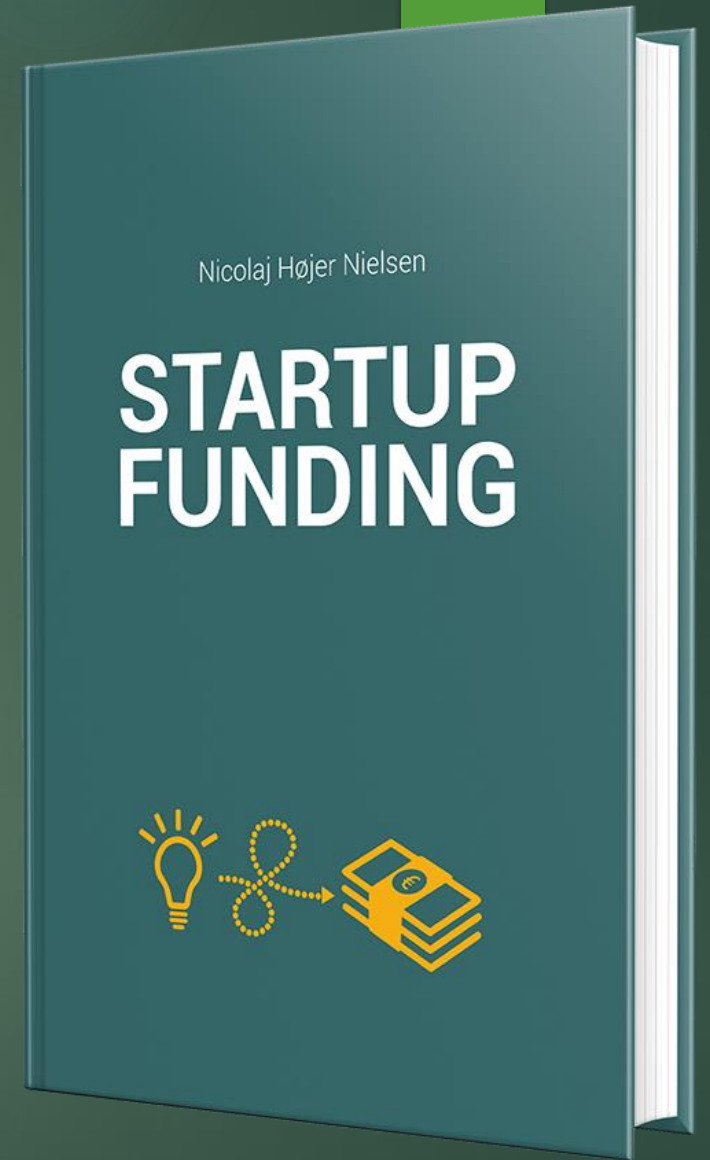


How to get public funding for your startup?

NICOLAJ HØJER NIELSEN

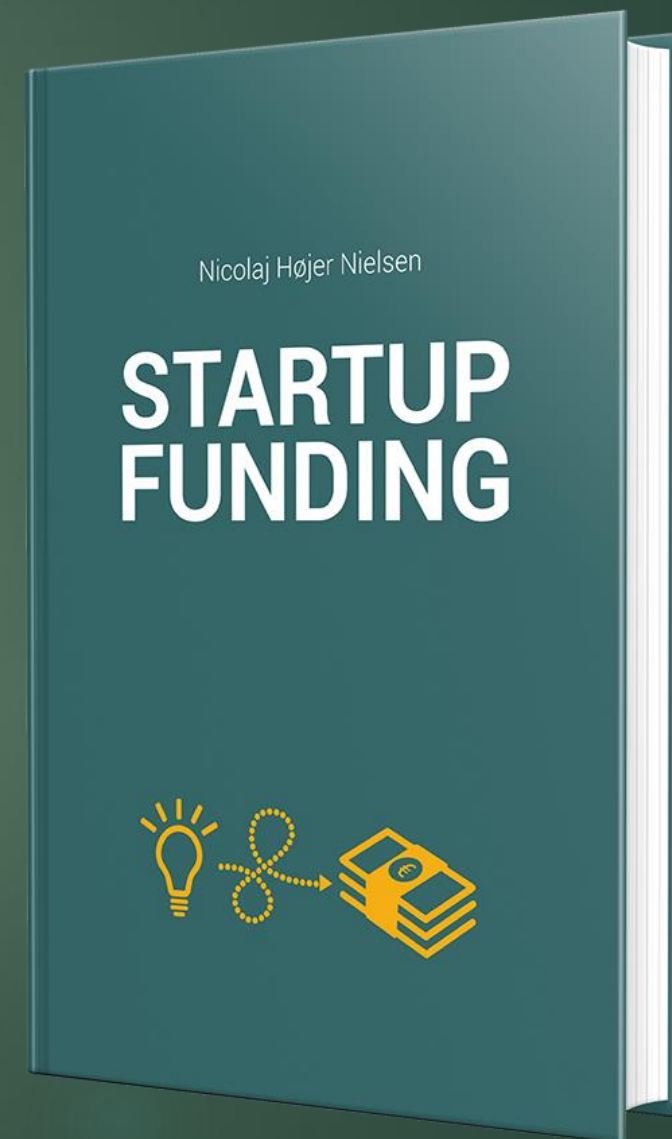
NICOLAJ@STARTUPFUNDINGBOOK.COM

0045 25 46 25 80



Nicolaj Højer Nielsen

- ▶ Serial entrepreneur
- ▶ Investor
- ▶ External lecturer at Copenhagen Business School within entrepreneurship
- ▶ Consultant/advisor for multiple startups (fundraising, commercial strategy)
- ▶ Author of the Startup Funding Book (www.startupfundingbook.com)



Investment portfolio

Sold to Intel (2015)

The logo for Recon Instruments features the word "recon" in a white, lowercase, sans-serif font, with a red swoosh under the "e". Below it, the word "INSTRUMENTS" is written in a smaller, white, uppercase, sans-serif font.

recon
INSTRUMENTS

The logo for Penn30 features the word "PENN30" in a white, stylized, uppercase, sans-serif font, with a small "TM" trademark symbol to the right of the "0".

PENN30™

The logo for MotilityCount features the word "Motility" in a blue, sans-serif font, with a small green leaf-like icon to its left. The word "Count" is in a green, sans-serif font.

MotilityCount

The logo for MeetixVR features the word "Meetix" in a white, sans-serif font, followed by "VR" in a green, sans-serif font.

MeetixVR

The logo for Venyo features the word "Venyo" in a teal, cursive, script font.

Venyo

The logo for plato features the word "plato" in a white, lowercase, sans-serif font, centered on a dark gray background.

plato

The logo for SEPIOR features a blue icon of a folded piece of paper or a book, followed by the word "SEPIOR" in a bold, black, uppercase, sans-serif font.

SEPIOR

The logo for cluedin features a blue icon of a stylized "C" with a horizontal line through it, followed by the word "cluedin" in a blue, lowercase, sans-serif font.

cluedin

The logo for capdesk features the word "capdesk" in a white, lowercase, sans-serif font, centered on a blue background with a subtle pattern of white dots.

capdesk

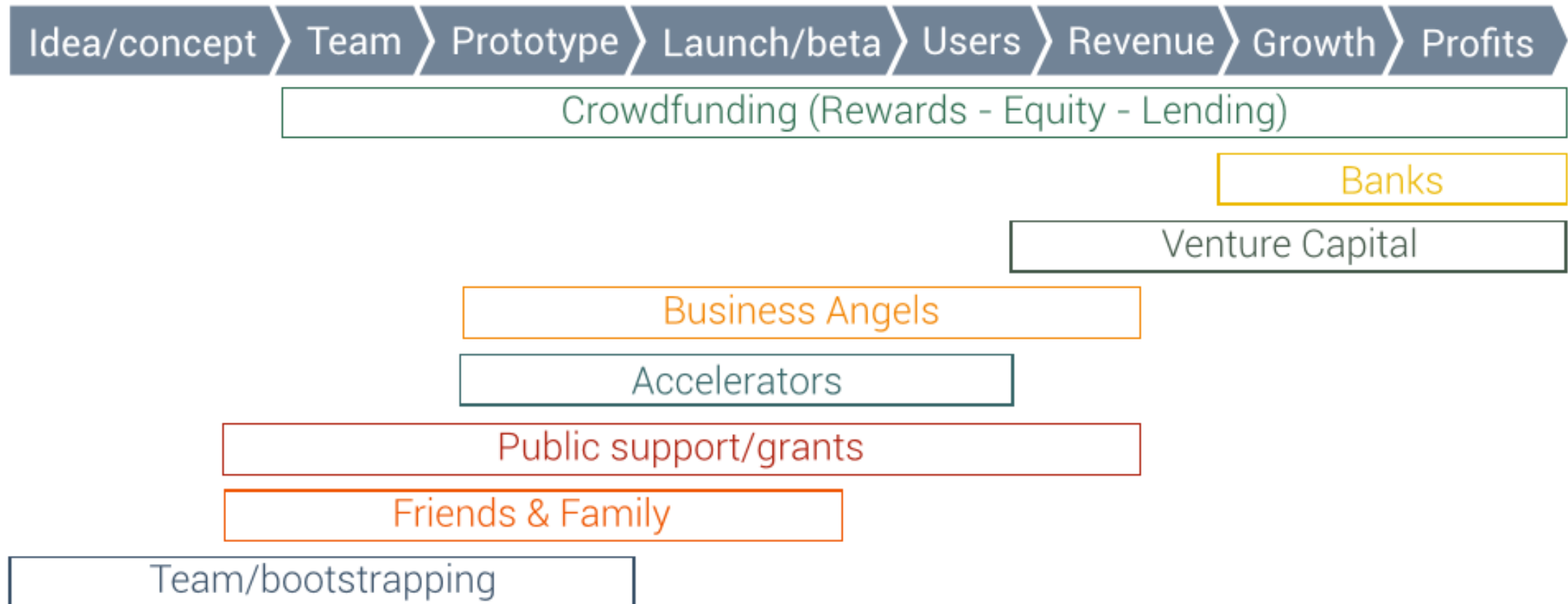
The logo for Copenhagen United features a black icon of a stylized "W" with an upward-pointing arrow, followed by the words "COPENHAGEN UNITED" in a bold, black, uppercase, sans-serif font. Below this is a black banner with the text "CphUtd.com" in a white, lowercase, sans-serif font.

COPENHAGEN UNITED
CphUtd.com

The logo for pento features a blue icon of a stylized "p" followed by the word "pento" in a blue, lowercase, sans-serif font.

pento

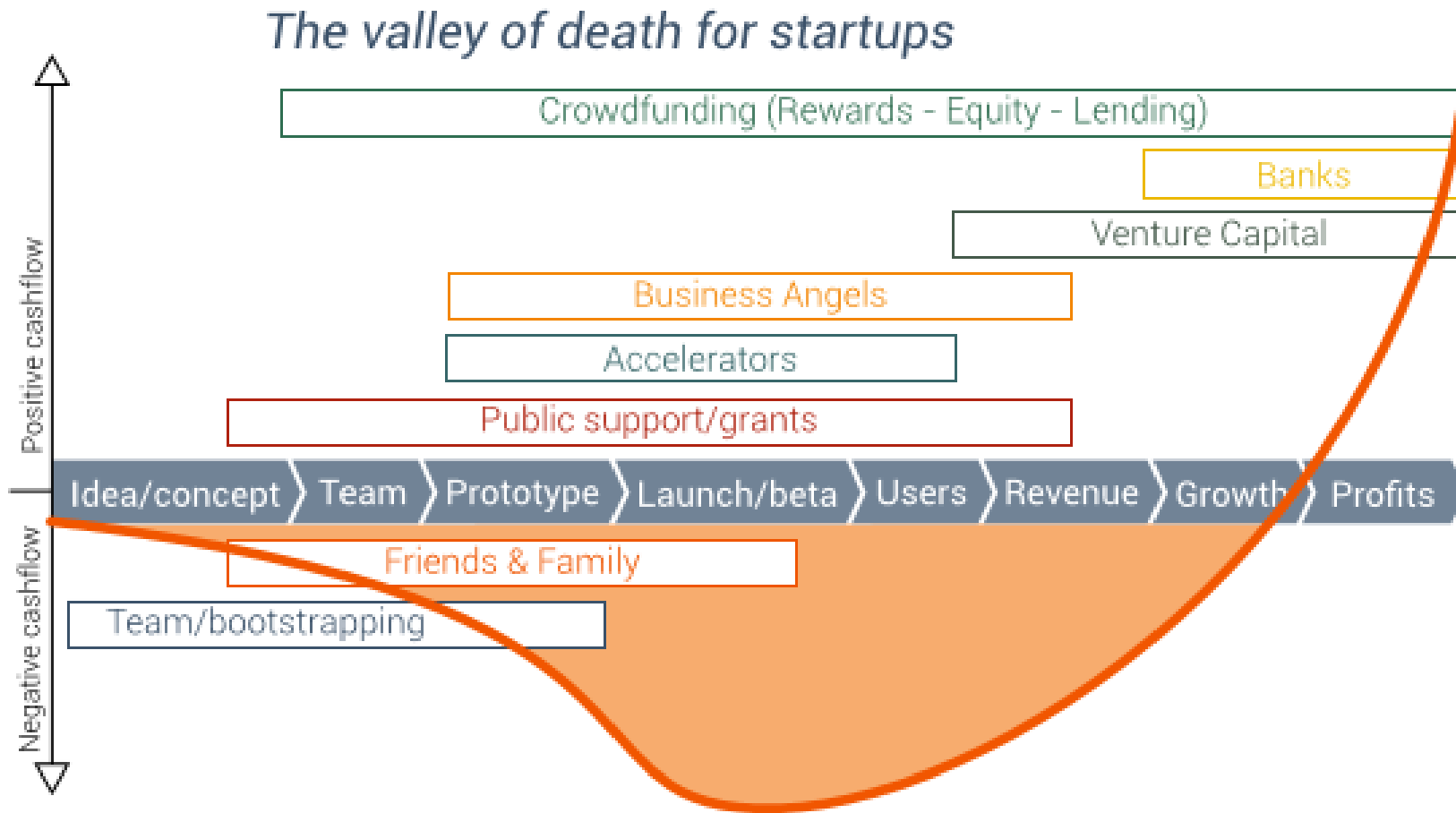
Who invest in early stage startups?



Source: www.startupfundingbook.com

Resulting in the Valley of Death

Source: www.startupfundingbook.com



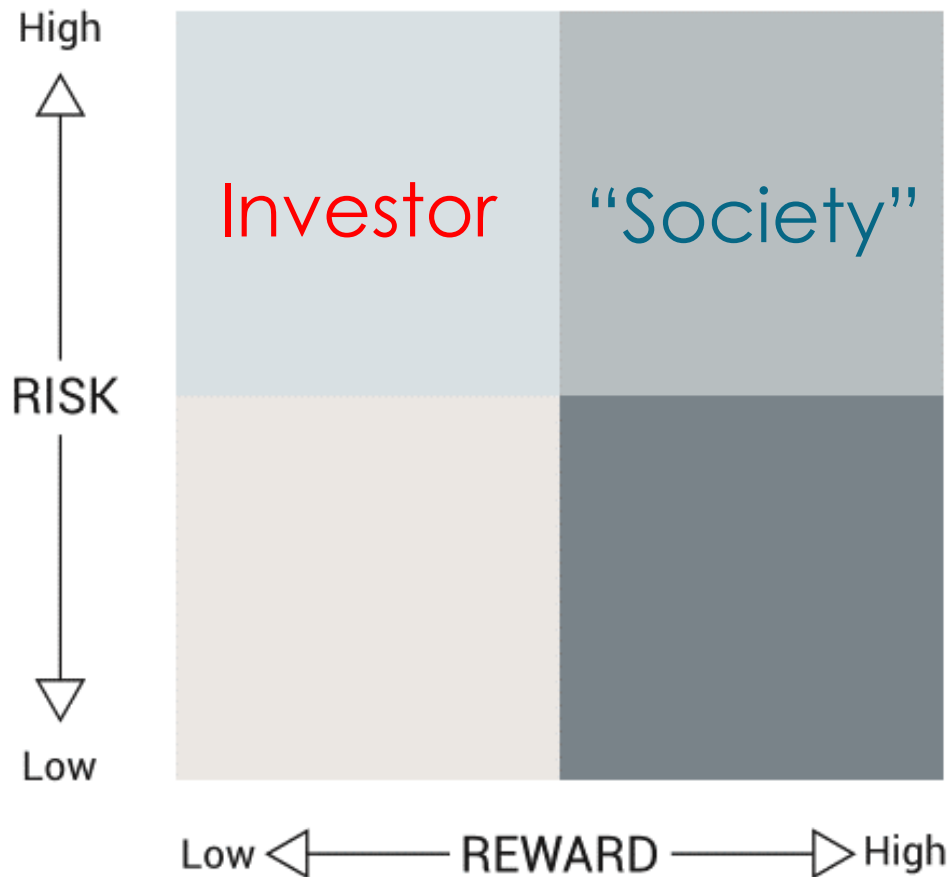
Why should the public help your startup with financing?...



Externalities...

(bad for investor, good for society)

Source: www.startupfundingbook.com



Results: Different form for public funding

1.Grants

2.Equity

3.Investments

PUBIC FUNDING?



SOLD TO INTEL (2015)

recon
INSTRUMENTS

PENN30TM



MotilityCount

Meetix**VR**

Venyo

plato

 **SEPIOR**

 **cluedin**

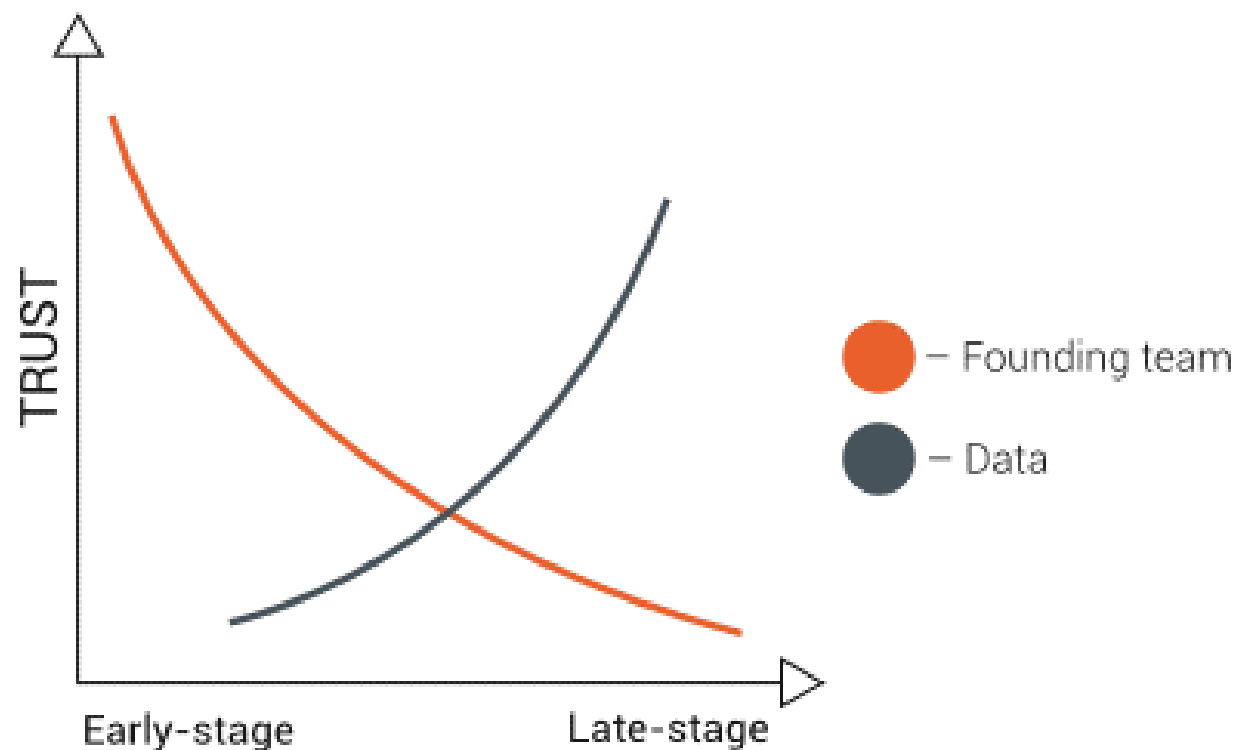
capdesk


COPENHAGEN UNITED
cphUtd.com

 **pento**

It's all about trust ...in the beginning trust in you!

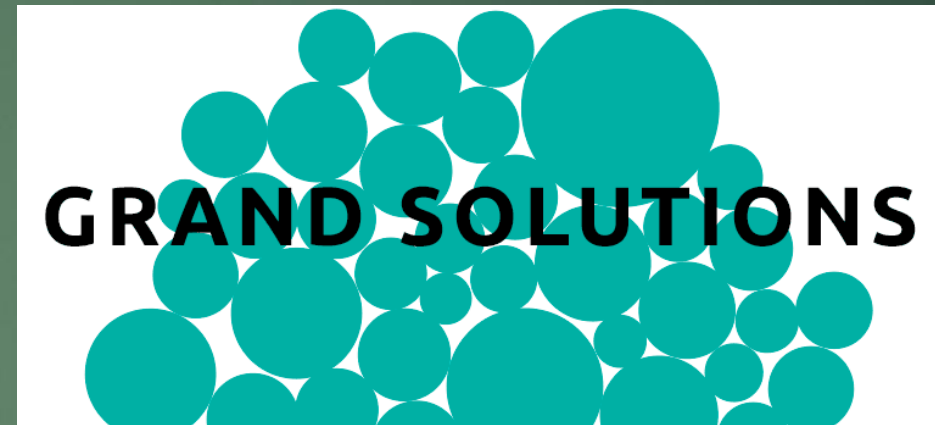
*Early-stage is about
trusting you, later-stage
is about trusting
your data*



Source: www.startupfundingbook.com

1. Grants

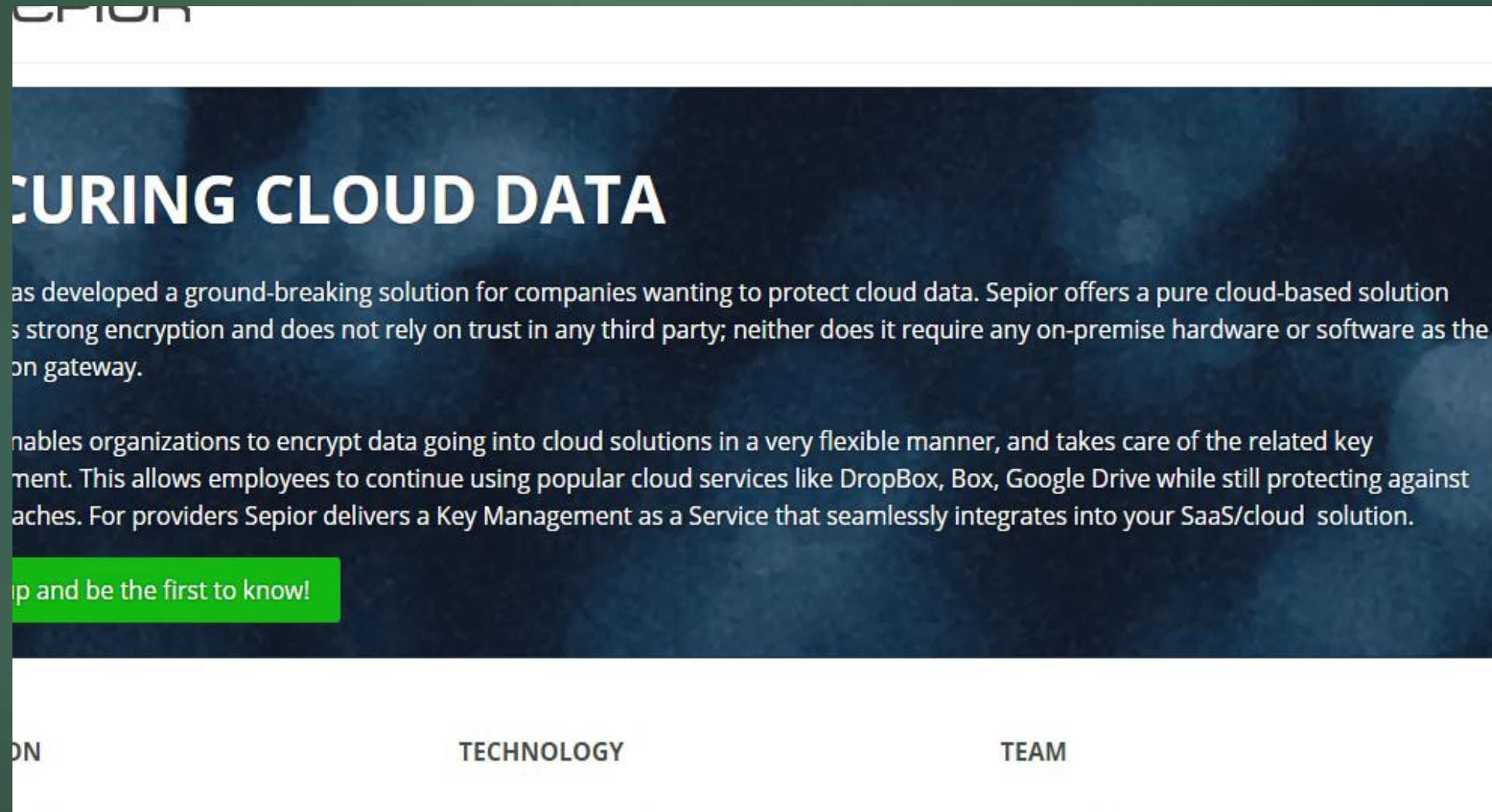
100s of different grants -
This is only the top of the iceberg.



How do the Government ensure that the money is given to "the best" candidates

1. Formal (often bureaucratic) application process
2. You will have to prove that you will help the Government realize their goals
3. The goals are different from grant to grant (also administrated by different public bodies)
4. You will have to co-invest – so prove that YOU also want to do it. They normally never fund 100% of projects/activities.

Case: Sepior



Sepior – EU SME Instruments, Phase 2 (18 MDKK)




Trends **online**

NYHEDER PLATFORM SOFTWARE REKRUTTERING E-HANDEL STARTUP GUIDE OM TRENDSONLINE

Sepior offers SaaS-providers a pure cloud-based encryption key management solution with true cryptographic security.

[Request Demo](#)

SKREVET AF


Karen Sofie
Teglgaard Andersen

[in](#) [✉](#)

Sepior har tidligere fået en investering af danske SEED Capital og Pre-Seed Innovation. Løsningen beskytter dine data og annoncerer nu, at de har modtaget et to-cifret millionbeløb fra en EU-pulje – noget der ikke sker ofte. Hvad er det, de kan, der tiltrækker EU midler i den størrelsesorden?

Sepior er et dansk startup fra 2013, med rødderne solidt plantet i Aarhus. Startuppet tilbyder løsninger inden for 'cloud encryption', så organisationer kan føle sig sikre på fortroligheden, når de deler information i deres cloud-system.

Nu har de så sikret sig en saltvandsinsprøjtning på 18 millioner fra en EU-pulje til små og mellemstore virksomheder. Det er ikke en lille bedrift, idet kravene for at komme i betragtning til EU-midler ofte er hårde.

Why were Sepior successful with their SME Instruments application

1. Sepior found a public grant topic that fitted them very well.
2. Sepior had a very strong team with external support
3. Sepior showed credible co-financing
4. Sepior spent a lot of time and used external experts



InnoBooster



Har du en god idé?



Vi har fokus på virksomheder med gode udviklingsidéer, som kræver viden for at blive til virkelighed. Den gode idé kan være et nyt produkt, en ny service eller forbedring af en proces, der øger din virksomheds konkurrenceevne og skaber vækst.

Ny viden kan f.eks. komme fra universiteter og andre uddannelsesinstitutioner eller fra et privat udviklingshus. Det kan også være en ny medarbejder med særlige kompetencer.

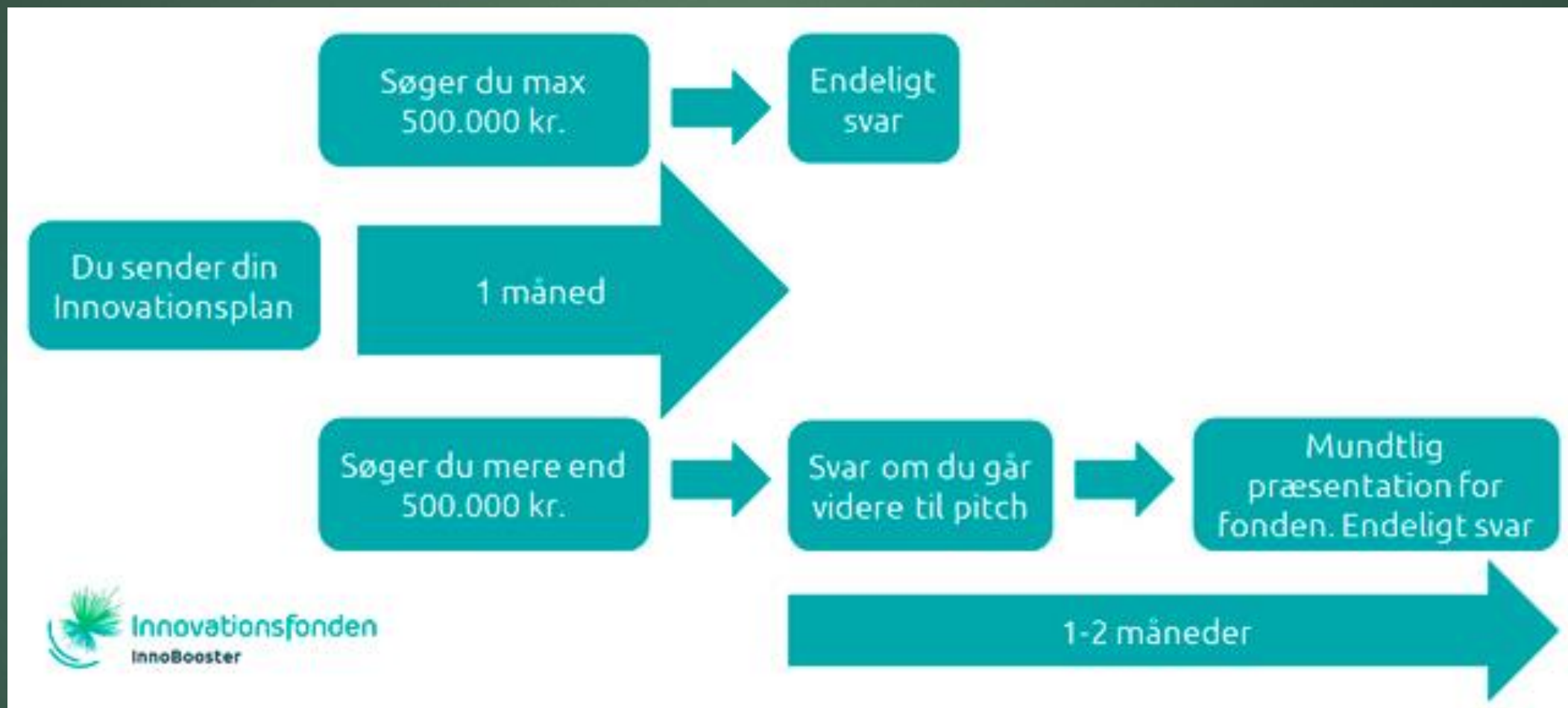
Vi stiller krav

Vores investering kræver hverken, at vi får ejerandele eller penge retur – men vi kræver, at din idé har forretningsmæssigt potentiale, og at innovationsprojektet er gennemtænkt. Som virksomhed skal du vise, at I enten har en vis omsætning eller har tiltrukket ekstern kapital. Som start-up er det nok med et stærkt team, der har lovende resultater at bygge på.

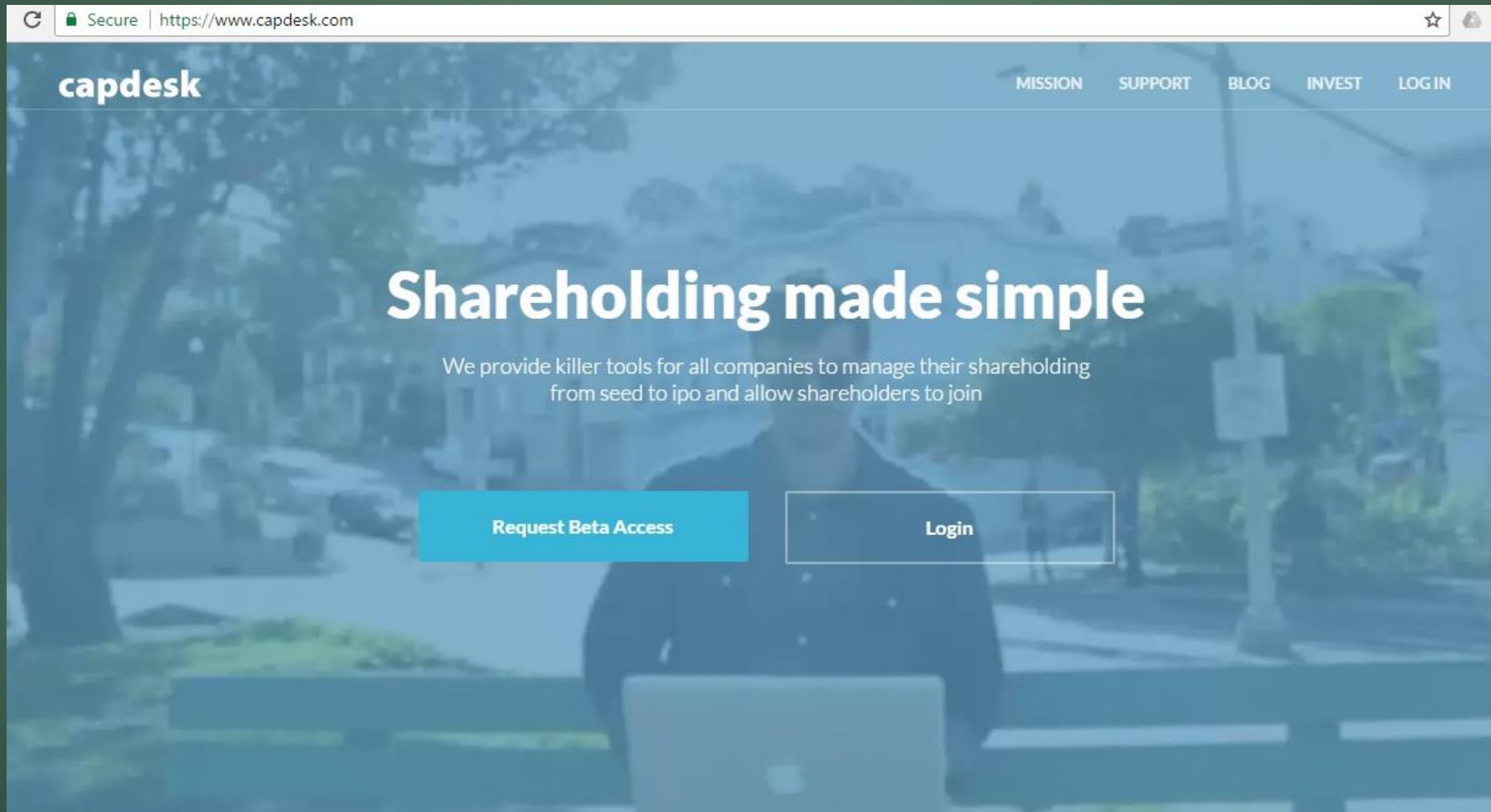
Vi investerer op til 5 mio. kr.

Afhængig af behov og potentiale i InnoBooster-projektet investerer vi op til 5 mio. kr. Der er dog væsentlig forskel på kravene til et projekt til 100.000 kr. og et til 5 mio. kr. Derudover er det vigtigt at finde den rette balance mellem størrelsen af den investering, der søges om og den forventede forretningsmæssige gevinst.

InnoBooster - process



Case: Capdesk – Innobooster (2MDKK grant)



Why were CapDesk successful?

Why Capdesk?

- 1 Ambition, team and technology**
to impact a \$250B market
- 2 Scaleable**
1 company = 200 shareholders
200 shareholders = 10 company invites
- 3 Born global**
Users from all over the world
- 4 Exit Opportunities**
Exchanges, Investment Banks, Transfer Agents, Investment Platforms, Payment providers etc.

Traction

Since beginning from scratch in **June 2015**

- ✓ Built and launched beta
- ✓ + 120 companies
- ✓ + 15.000 shareholders on boarding
- ✓ Government Grant
- ✓ 2 acquisition offers from major players
- ✓ Law firm clients in Sweden, Netherlands and Denmark
- ✓ Opened London office

Team



Christian Gabriel, Founder
Country manager in FundedByMe
Partner in Heartreacher
Boardmember Danish Crowdsourcing
University of Copenhagen



Casper Arbøll, Founder
Project manager in FundedByMe
Partner in Heartreacher
Msoc. Copenhagen Business School



Mikkel Boje CTO
Partner in AccuratelT
IT Manager Net Company
+10 years IT developing experience
Master Computerscience



Martin Damhus, CIO
Partner in AccuratelT
IT Manager Net Company
+10 years IT developing experience
Master Computerscience



Ivan Sandqvist Investor
+4 succesful exits within
payment
solutions



Nicolaj Højer, Investor
Wellknown Danish business
angel. +20 deals,
Business Angel of the year 2016

If you are not a grant application expert – then either become one or hire one!



Downsides of public grants

1. Paperwork/time – to get the grant
2. Paperwork/time – to report/administrate the grant
3. Potential lack of flexibility (since you promised to work in a certain direction)
4. Liquidity issues (money is often back-loaded)

2. Equity

NOT soft money – but still public money - innovation centers

- ▶ Public money!
- ▶ 50-70 new investments per year
- ▶ Typically 3-4 DKK million in initial funding
- ▶ Investment criteria like VC's,but much earlier
- ▶ Both equity and convertible debt
- ▶ If equity: From 25 to +50% of equity
- ▶ If loan: Typically convertible loan

The logo for CAPNOVA features a small orange icon of three curved lines to the left of the word "CAPNOVA" in a large, light blue, sans-serif font.The logo for BOREAN Innovation consists of a 3D hexagonal cube with orange and red faces to the left of the word "BOREAN" in a dark grey, sans-serif font. Below "BOREAN" is the word "Innovation" in a smaller, lighter grey font.The logo for SYDDANSK INNOVATION features a stylized "E" made of green and blue squares to the left of the words "SYDDANSK" and "INNOVATION" in a dark blue and green, sans-serif font.The logo for Pre-Seed Innovation features a red square with a white stylized plant icon to the left of the text "Pre-Seed Innovation" in a bold, red, sans-serif font. Below it is the text "- Et innovationsmiljø" in a smaller, grey, sans-serif font.

Case: MotilityCount



MotilityCount- funding

- 2010-2011: Bootstrapping, development of functional prototype
- 2011: 4m DKK Investment from Pre-Seed and business angels
- 2013-2015: 2.3m DKK grant from Markedsmodningsfonden to start production, further clinical tests and regulatory approval

Projektpartnere

- Motilitycount ApS
- Knudsen Plast A/S
- Speciallægeselskabet Ciconia Århus ApS
- Nordic Cryobank ApS
- IVI Valencia SL

Nøgletal

Støtte fra
Markedsmodningsfonden
2.339.057 kr. (Tilskud)

Projektperiode
06.01.2014 - 30.09.2015

Projektbudget
5.203.550 kr.

Markedsmodningsfonden



Kriterier og Krav

Formål med tilskuddet?

Du kan søge Markedsmodningsfonden om tilskud til at teste, om din prototype eller serviceydelse fungerer i et realistisk miljø hos potentielle kunder, samt tilpasning af prototypen, så løsningens kommercielle muligheder på markedet styrkes.

Markedsmodningsfonden giver ikke tilskud til projekter, der vedrører forskning, demonstration, udvikling af lægemidler og naturmedicin eller finansielle tjenesteydelser.

Hvem kan ansøge om tilskud?

- Projektholder skal være en privat virksomhed og skal på ansøgningstidspunktet beskæftige mindst to ansatte, dvs. to fuldtidsansatte eller flere deltidsansatte, der tilsammen udgør to fuldtidsstillinger på ansøgningstidspunktet. Der er ikke krav til antal ansatte hos testbrugere og eventuelle samarbejdspartnere.
- Private virksomheder kan søge enkeltvis eller i konsortier med andre virksomheder og/eller offentlige parter.

Hvilke krav skal du opfylde som ansøger?

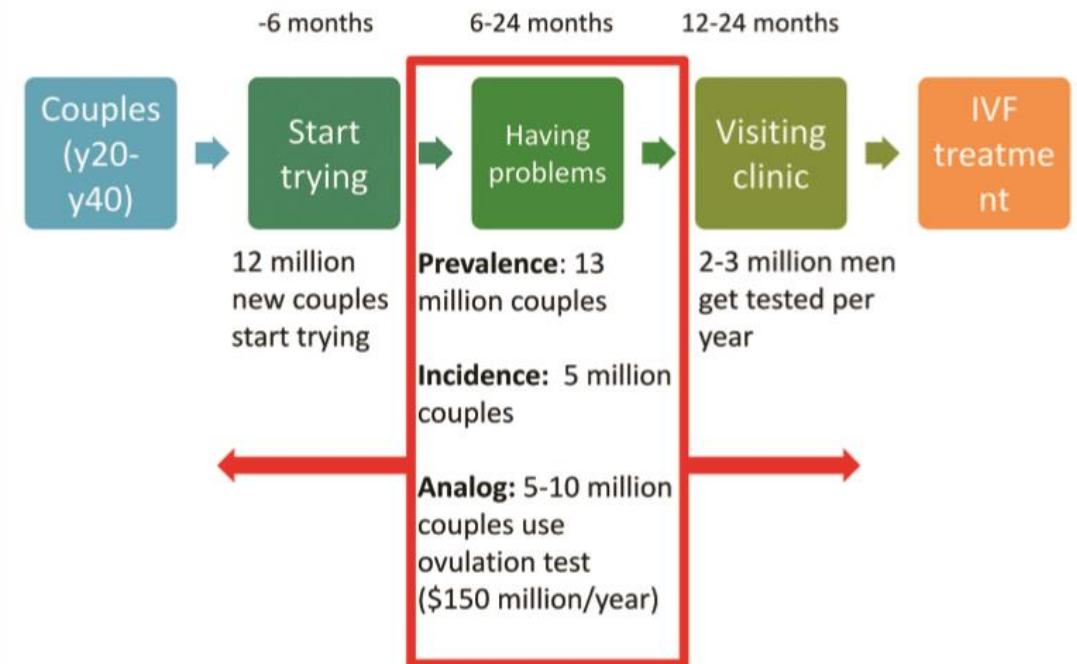
- Din prototype/serviceydelse skal være succesfuldt testet i fx et demonstrationsanlæg, laboratorieforsøg eller lignende.
- Der skal på ansøgningstidspunktet være indgået aftale med som minimum den første testbruger i projektet.
- Projektets samlede budget skal være mindst 3 mio. kr.
- Projektet skal være afsluttet efter maksimalt 3 år.

Milestones and potential when receiving investment (Motilitycount)

DEVELOPMENT ROADMAP

	FINAL PROTOTYPE:	PRESALES MODEL:	SALES MODEL:
Product development	-Device and size optimized to reduce test time -Cells stained at inlet	-Finalize design and functionality -Test of device outside project group (IVF clinics and sperm-banks)	-Optimize design based upon feedback from external tests -International tests (IVF clinics and sperm-banks)
Milestones	-Test time <1 hour -Test results comparable to CASA studies (Computer Assisted Sperm Analysis)	-Test time <30 minutes -Closed system with semi-automatic loading of fluids and cells -Positive clinical tests	-Production cost less than \$10/unit -Roadmap to reduce costs to \$4/unit -Positive clinical tests -Signing of licensing agreement
Timing	6 months	9 months	6 months
Costs	DKK 1.5 million	DKK 2.5 million	DKK 2 million

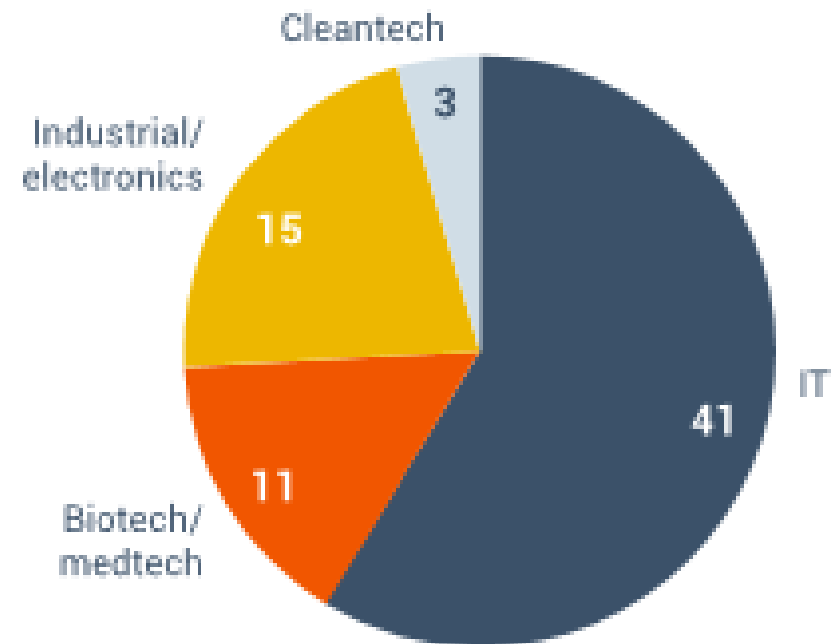
Market potential (US+EU)



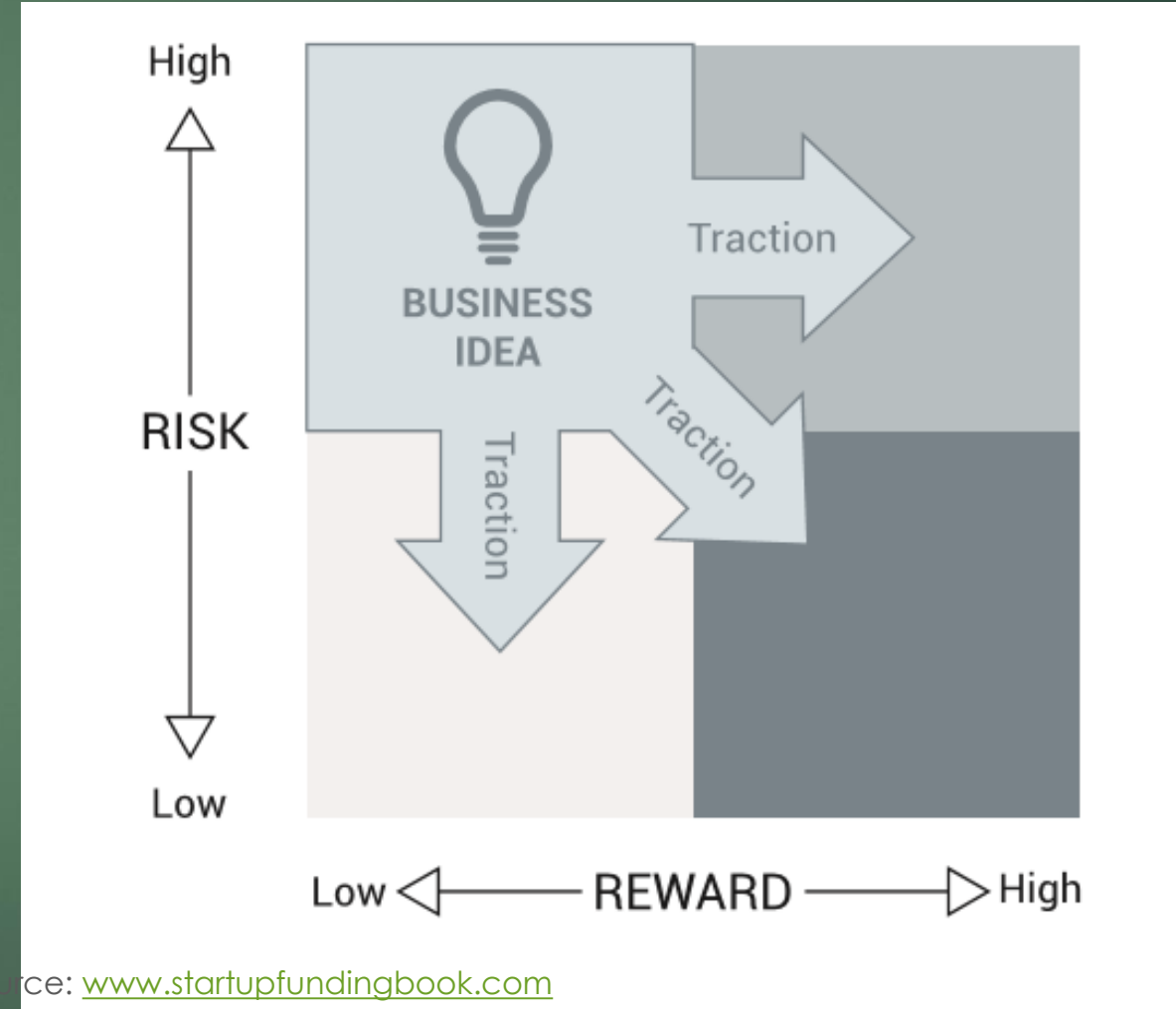
What do they invest in?

Source: www.startupfundingbook.com

Investments per year and by industry



Not even the Government invest in business ideas



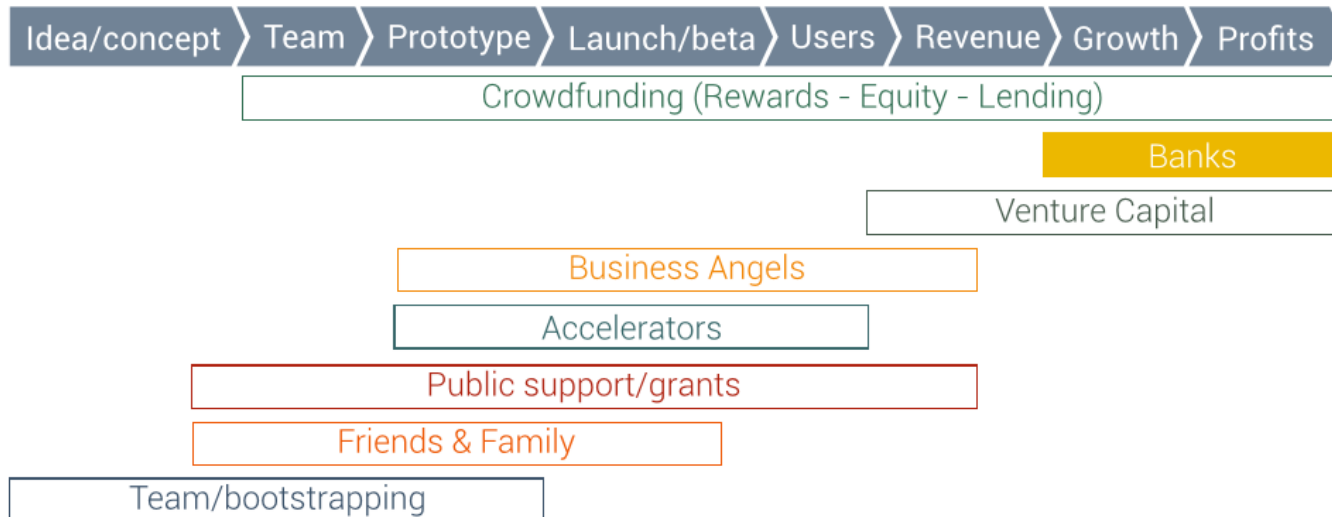
Downside of public investors



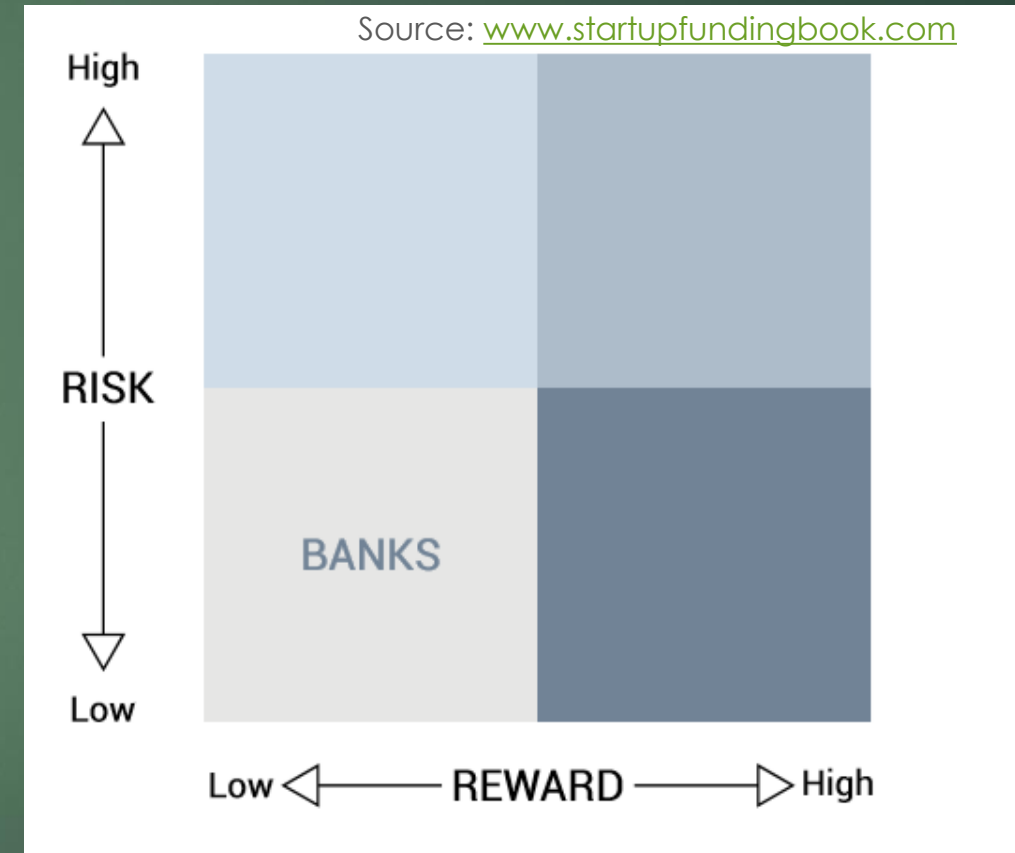
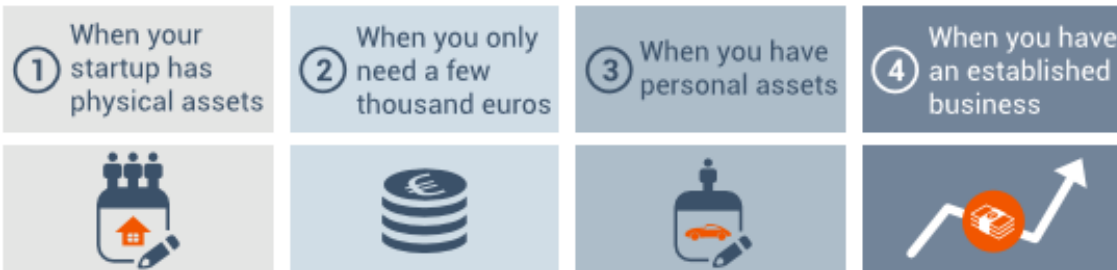
1. “Smart money” ?
2. Loss of ownership /dilution
3. Lack of control (have legal clauses like institutional investors)

3. Guaranteed loans

Don't blame the banks – they shouldn't borrow you money!



The bank will give your startup money:



Guaranteed loans in Denmark (directly or via bank)

VÆKSTFONDEN

Case: Penneo

Penneo ApS [DK] https://penneo.com

PENNEO

Sådan virker det Sikkerheden Referencer Priser Om Kontakt Support [Log ind](#)

Digital underskrift med NemID

Enkelt, hurtigt, sikkert!

[Prøv det](#) [Kontakt os](#)

Du er i godt selskab

ADVODAN CE DEAS DELACOUR DIFKO Fleggaard KPMG krifa Nordania Leasing Ret&Råd ADVOKATER

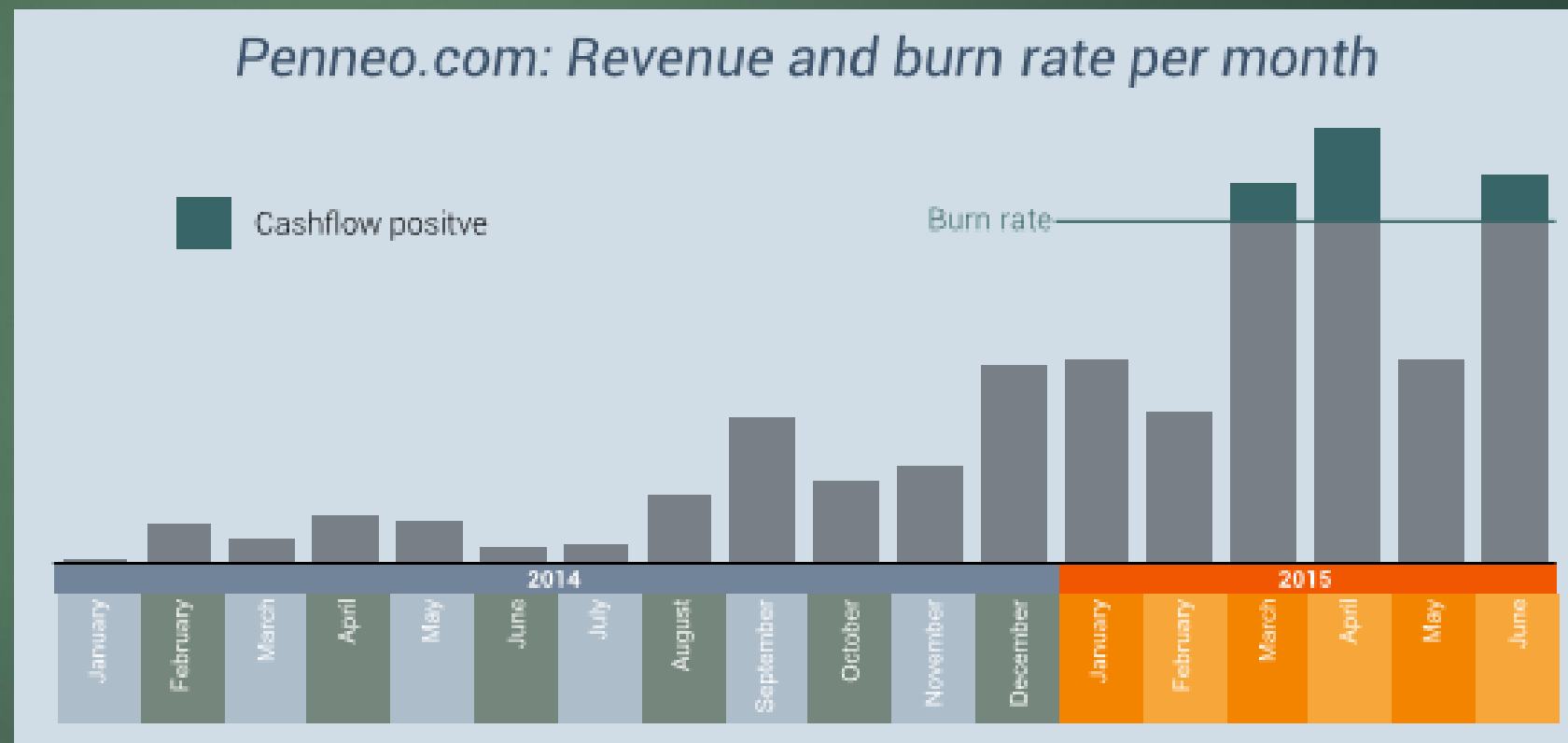
Få Jeres kunder til at underskrive med NemID

Det er nemmere, hurtigere, billigere og frem for alt meget mere sikkert

[Læg en be](#)

Case: Penneo – loan from Vækstfonden

- ▶ 2 MDKK loan
- ▶ 11% p.a. interest



Downsides of guaranteed loans



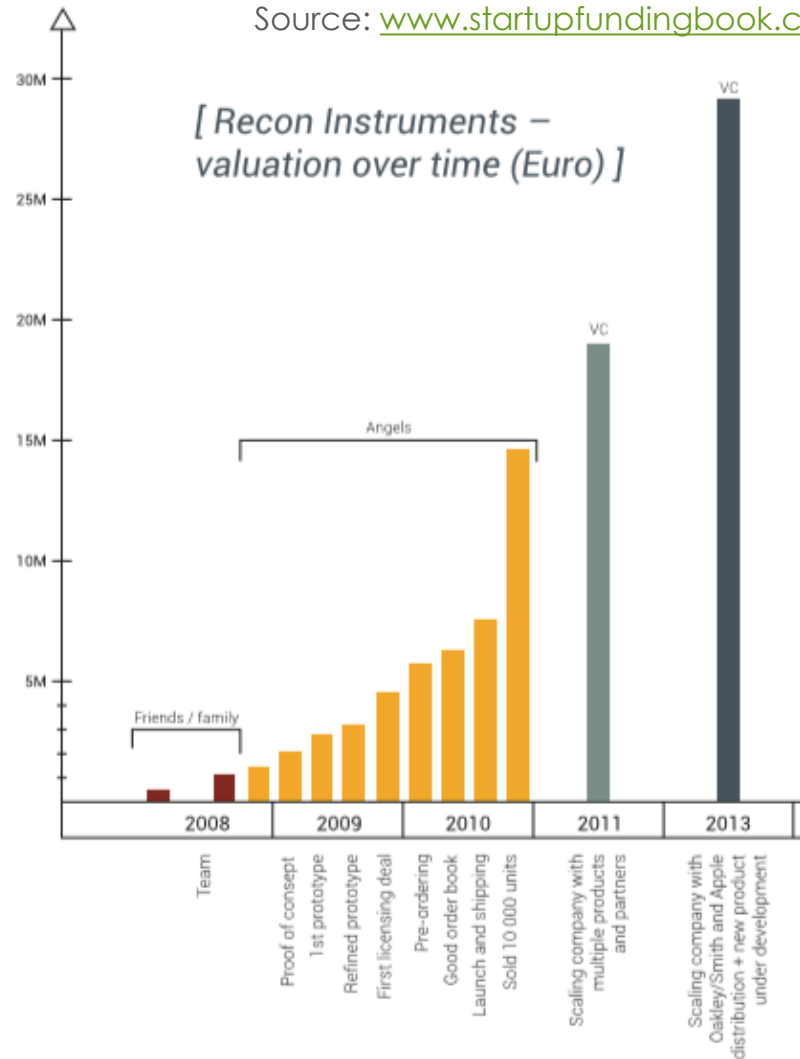
1. The paperwork
2. The liability

Wrap-up

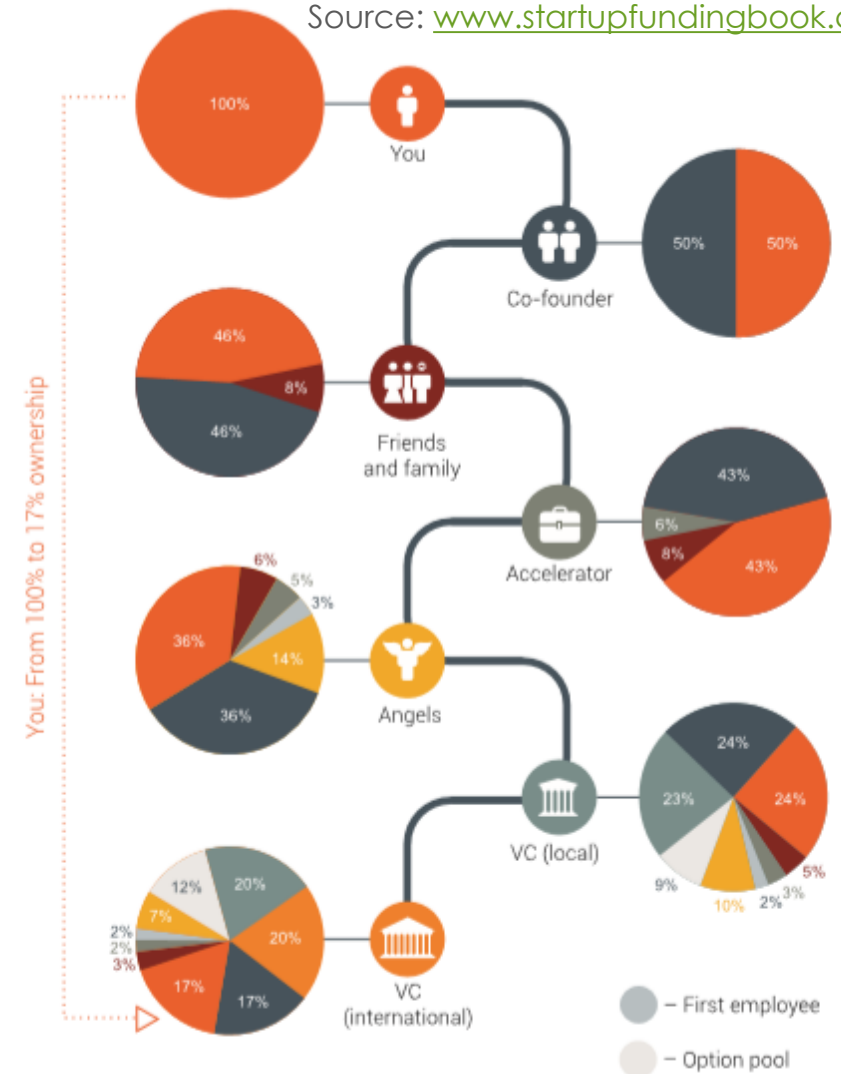
1. Public funding is a great source of capital for many startups
2. Do your homework – and research what is relevant for you!
3. Three major forms: Grants, Equity, Loans
4. Often a lot of competition to get the funding
5. Public funding rarely support “ideas” – you need to bootstrap before
6. It takes a lot of work to be successful in your applications – but the payoff is worth it!

Ps. Do you need the money...now?

Source: www.startupfundingbook.com



Source: www.startupfundingbook.com



Thanks!

Nicolaj Højer Nielsen

Nicolaj@startupfundingbook.com

0045 25462580

Ps. You can order book with a discount:

<https://startupfundingbook.com/pre-order/>

